



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/16/2003

GAIN Report #CH3094

China, Peoples Republic of

Grain and Feed

June Update

2003

U.S. Embassy, Beijing

Approved by:
Larry Senger

Prepared by:
John Wade/Jiang Junyang

Report Highlights: Overall MY 2003/2004 grain production should drop by up to 3 percent due mainly to drops in planted area. Grain exports remain strong and imports weak. However with current production levels this trade situation seems unsustainable for the long term

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Beijing [CH1], CH

Situation and Outlook

Production

In line with continued large stocks and flat prices, planted area for total grains in 2003 will be down by at least 3 percent. Farmers are turning to oilseed, cotton, and other specialty crops which continue to offer attractive prices. In 1998 planted area was just over 92 million hectares. It could well be as low as 78 million hectares in 2003. All three of the major grains, wheat, corn and rice, will see area drops. Corn and wheat will drop by three to four percent, rice by one percent.

Weather for wheat has been near normal if not slightly better than normal. However, as has been the case for several years now, increasing irrigation costs continue to constrain wheat yields and area.. The corn crop has seen some early dryness in the main Northeast growing region, but recently there have been some good rains. Continued good precipitation over the next month will be critical for corn. Early rice in some provinces was hurt somewhat by excessive rains, however, weather conditions for late rice seem normal so far. All in all, production drops for each grain should roughly follow planted area drops for the 2003/2004 marketing years.

Consumption, Stocks and Trade

The SARS outbreak in China has probably had an effect on consumption.. Fewer people are going to restaurants in hard-hit areas, but the main effect will be indirect as a result of slower growth in the general economy. This should lead to slower growth particularly in the demand for feed. However, it seems now that the long term effect will not be great. Looking at yearly consumption, MY 2002/2003 feed consumption may be down up to a percent, but MY 2003/2004 should be more or less back on trend.

Corn exports continue at the same 1 MMT per month pace they have been on for the last year. Official figures for April show that the average FOB price for exports was just under \$104 per ton. This is more than \$20 off the equivalent domestic price. Forward sales are strong although reported prices are \$5 or more per ton higher. Although nowhere near corn's volume, exports for both rice and wheat also remain robust in MY 2002/2003 and seem set to continue at current levels in MY 2003/2004.

Thai rice, China's primary rice import, has been promoted heavily in southeastern Guangdong and other provinces in early 2003, but despite this, traders forecast no big jump in Thai fragrant rice entering China in the coming year. Likewise wheat imports remain anemic as millers are continuing to meet their demands locally. Corn imports are negligible and will likely stay that way in MY 2003/2004.

Stock numbers are difficult to gauge for sure but the Government's eagerness to subsidize exports, continued weak imports and flat prices indicate that stocks are probably ample enough for all grains to last through the end of the 2003/2004 marketing year.

For those with hope for reversal of the current grain trade situation, there may be a faint glimmer of light at the end of the tunnel. With such large drops in production in recent years, it is hard to conceive that stocks have not dropped significantly. From post's estimate, corn stocks should be near reasonable levels by the end of MY 2003/2004. Even so flat, if not declining food demand means wheat and rice stocks are expected to still be above normal levels beyond MY 2003/2004, and these stocks will likely to continue to be a source for feed. Still, barring a dramatic increase in production, the current situation of large exports and minimal imports of grain cannot be sustained indefinitely.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	24282	24282	24500	24630	24000	23800
Beginning Stocks	81187	81187	63403	63403	48503	44713
Production	114088	114088	125000	121300	122000	117000
TOTAL Mkt. Yr. Imports	39	39	100	10	100	10
Oct-Sep Imports	39	39	100	10	100	10
Oct-Sep Import U.S.	20	20	0	0	0	0
TOTAL SUPPLY	195314	195314	188503	184713	170603	161723
TOTAL Mkt. Yr. Exports	8611	8611	13500	13500	8000	10000
Oct-Sep Exports	8611	8611	13500	13500	8000	10000
Feed Dom. Consumption	92000	92000	93000	93000	91000	93000
TOTAL Dom. Consumption	123300	123300	126500	126500	126100	128000
Ending Stocks	63403	63403	48503	44713	36503	23723
TOTAL DISTRIBUTION	195314	195314	188503	184713	170603	161723

PSD Table						
Country	China, Peoples Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2001		07/2002		07/2003
Area Harvested	24664	24664	23500	23910	22500	23000
Beginning Stocks	91877	91877	76588	80330	60974	64520
Production	93873	93873	91000	90290	87000	87000
TOTAL Mkt. Yr. Imports	1092	1092	500	400	1500	500
Jul-Jun Imports	1092	1092	500	400	1500	500
Jul-Jun Import U.S.	221	228	0	100	0	100
TOTAL SUPPLY	186842	186842	168088	171020	149474	152020
TOTAL Mkt. Yr. Exports	1512	1512	1500	1500	800	1500
Jul-Jun Exports	1512	1512	1500	1500	800	1500
Feed Dom. Consumption	9000	12000	7000	12000	6500	14000
TOTAL Dom. Consumption	108742	105000	105614	105000	105000	106000
Ending Stocks	76588	80330	60974	64520	43674	44520
TOTAL DISTRIBUTION	186842	186842	168088	171020	149474	152020

PSD table for Rice

PSD Table						
Country	China, Peoples Republic of					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Harvested	28812	28812	28100	28200	0	27860
Beginning Stocks	94100	94120	82167	82071	67217	67809
Milled Production	124306	124306	121800	122178	0	120700
Rough Production	177580	177580	174000	174540	0	172429
MILLING RATE (.9999)	7000	7000	7000	7000	0	7000
TOTAL Imports	305	238	300	260	0	240
Jan-Dec Imports	305	238	300	260	0	240
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	218711	218664	204267	204509	67217	188749
TOTAL Exports	1963	1983	2250	2000	0	2000
Jan-Dec Exports	1963	1983	2250	2000	0	2000
TOTAL Dom. Consumption	134581	134610	134800	134700	0	134800
Ending Stocks	82167	82071	67217	67809	0	51949
TOTAL DISTRIBUTION	218711	218664	204267	204509	0	188749

Trade Tables

CHINA'S CORN EXPORTS BY MONTH (Metric Tons)					
	2000	2001	2002	2003	
January	210,003	607,625	229,842	570,290	
February	589,488	745,158	770,204	1,765,212	
March	1,219,532	938,043	1,100,590	1,596,104	
April	530,920	251,214	855,122	551,027	
May	350,985	469,940	271,409		
June	962,939	124,939	257,892		
July	1,557,699	505,799	1,034,190		
August	1,582,611	345,695	1,652,001		
September	740,849	547,941	977,675		
October	914,163	327,458	1,268,340		
November	832,127	471,514	1,349,379		
December	993,483	662,658	1,906,864		
JAN-DEC TOTAL	10,484,799	5,997,984	11,673,508	4,482,633	
	(00/01)	(01/02)	(02/03)	(03/04)	
OCT-SEP MY TOTAL	7,276,127	8,610,555	9,007,216	0	1/
1/ year to date					
HS Code: 1005.1000, 1005.9000					
Source: PRC Customs					

CHINA'S CORN IMPORTS BY MONTH (Metric Tons)					
	2000	2001	2002	2003	
January	0	18	2,449	4	
February	43	271	378	4	
March	42	901	3,237	7	
April	14	8,938	42	11	
May	2	2,215	23		
June	63	2,301	6		
July	0	716	2		
August	3	7,384	55		
September	80	7,156	75		
October	0	312	21		
November	60	4,328	19		
December	0	1,569	15		
JAN-DEC TOTAL	307	36,109	6,322	26	
	(00/01)	(01/02)	(02/03)	(03/04)	
OCT-SEP MY TOTAL	29,960	12,476	81	0	1/
1/ year to date					
HS Code: 1005.1000, 1005.9000					
Source: PRC Customs					

China's Corn Exports By Destination, MY 2002/2003 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Total
South Korea	2,425,033	1,789,195			4,214,229
Malaysia	661,398	501,384			1,162,782
Indonesia	614,784	401,620			1,016,404
South Africa	185,666	268,002			453,669
Iran	50,583	392,019			442,602
Japan	177,452	169,298			346,751
Vietnam	13,000	149,439			162,439
Zimbabwe	126,554				126,554
Bangladesh	66,202	21,251			87,453
Taiwan	23,978	47,054			71,033
All Others	179,933	192,344			372,272
Grand Total	4,524,583	3,931,606			8,456,188
HS Codes: 10051000,10059000					

CHINA'S WHEAT EXPORTS BY MONTH (1,000 Metric Tons)					
	2000	2001	2002	2003	
January	22	24	56	86	
February	15	32	173	133	
March	31	41	71	166	
April	28	34	107	104	
May	27	66	98		
June	43	81	177		
July	35	106	101		
August	34	113	114		
September	31	135	87		
October	32	57	120		
November	32	115	41		
December	26	125	85		
JAN-DEC TOTAL	357	929	1,230	489	
	(00/01)	(01/02)	(02/03)	(03/04)	
JUL-JUN MY TOTAL	468	1,333	1,037	0	1/
1/ year to date					
Source: PRC Customs					
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000, 1902.1100, 1902.1900, 1902.3030, 1902.3090, and 1902.4000					
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CHINA'S WHEAT IMPORTS BY MONTH (1,000 Metric Tons)					
	2000	2001	2002	2003	
January	115	16	172	39	
February	55	57	27	4	
March	120	28	16	54	
April	173	84	156	46	
May	180	7	38		
June	55	8	57		
July	114	34	50		
August	42	18	17		
September	37	71	64		
October	14	26	40		
November	30	201	17		
December	9	222	7		
JAN-DEC TOTAL	944	772	661	143	
	(00/01)	(01/02)	(02/03)	(03/04)	
JUL-JUN MY TOTAL	446	1,038	338	0	1/
1/ year to date					
Source: PRC Customs					
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000, 1902.1100, 1902.1900, 1902.3030, 1902.3090, and 1902.4000					
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China's Wheat Exports By Destination, MY 2002/2003 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
South Korea	176	52	136		364
Indonesia	39	86	35		161
Hong Kong	42	41	47		129
North Korea	17	24	69		110
Vietnam	0	8	52		60
Philippines	3	2	11		13
Myanmar(Burma)	2	3	6		11
Japan	2	3	5		10
Thailand	2	3	2		7
All Others	19	24	21		67
Grand Total	302	246	384		932
Source: China Customs					
HS Codes: 10011000,10019010,10019090,11010000,19021100,19021900,19023030,19023090,19024000					

China's Wheat Imports By Origin, MY 2002/2003 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Canada	73	12	64		149
United States	14	38	21		73
Australia	35	4	3		42
Japan	3	4	3		10
South Korea	2	3	3		9
Nepal	1	1	0		3
Italy	1	1	1		2
Thailand	0	1	1		2
United Kingdom	0	0	0		1
All Others	3	0	1		2
Grand Total	132	64	97		293
Source:China Customs					
HS Codes: 10011000,10019010,10019090,11010000,19021100,19021900,19023030,19023090,19024000					

CHINA'S MONTHLY RICE EXPORTS (Metric Tons, Milled Basis)				
	2000	2001	2002	2003
				(Year-to-Date)
January	185,408	118,568	113,566	131,654
February	374,044	118,544	128,683	308,722
March	257,160	130,057	112,122	124,402
April	257,111	225,259	85,502	129,579
May	156,935	115,528	62,387	
June	289,818	199,023	153,893	
July	320,028	176,445	121,934	
August	309,220	111,027	242,846	
September	208,207	138,345	290,741	
October	228,346	114,068	203,786	
November	208,859	150,179	135,495	
December	161,311	265,454	332,127	
TOTAL	2,956,447	1,862,497	1,983,082	694,357
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090 1006.3010, 1006.3090, 1006.4010, 1006.4090, 1102.3010, 1102.3090				
Source: PRC Customs				
(f:\shared\lotus\gmfd\rice\ricmthex.wk4)				

CHINA'S MONTHLY RICE IMPORTS (Metric Tons, Milled Basis)				
	2000	2001	2002	2003
				Year-to-Date
January	16,771	45,834	14,139	98,410
February	1,675	19,676	520	16,494
March	19,627	18,482	5,311	21,073
April	4,994	11,452	6,100	24,333
May	5,054	6,360	37,890	
June	3,374	10,658	38,864	
July	69,587	14,645	28,455	
August	5,260	17,517	10,420	
September	9,943	23,579	19,040	
October	6,597	17,323	4,575	
November	21,634	23,970	16,389	
December	74,082	75,795	56,165	
TOTAL	238,598	285,290	237,868	160,310
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090 1006.3010, 1006.3090, 1006.4010, 1006.4090, 1102.3010, 1102.3090				
Source: PRC Customs				
(f:\shared\lotus\grnfd\rice\ricmthex.wk4)				

China's Rice Exports By Destination, MY 2003 (Metric Tons)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Cote d'Ivoire	153,877				153,877
Russia	72,115				72,115
Japan	62,274				62,274
Indonesia	50,102				50,102
North Korea	35,733				35,733
South Korea	35,248				35,248
Libya	31,501				31,501
Kenya	17,050				17,050
Guinea Bissau	16,600				16,600
All Others	78,230				78,230
Grand Total	552,730				552,730
Source:China Customs					
HS Codes: 10061010,10061011,10061019,10061090,10061091,10061099,10062000 10062010,10062090,10063000,10063010,10063090,10064000,10064010,10064090 11023000,11023010,11023090					

China's Rice Imports by Origin, MY 2003 (Metric Tons)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Thailand	135,974				135,974
Netherlands	2				2
South Korea	1				1
Japan					
Australia					
Grand Total	135,977				135,977
Source:China Customs					
HS Codes: 10061010,10061011,10061019,10061090,10061091,10061099,10062000 10062010,10062090,10063000,10063010,10063090,10064000,10064010,10064090 11023000,11023010,11023090					